

EXHIBIT 11

In the Matter Of:
CORZO V. BROWN UNIVERSITY

1:22-cv-00125

ELIZABETH MORA

October 29, 2024



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October 29, 2024

22

1 A. Yes.

2 Q. Paragraph 2 lists a number of topics that
3 you were asked to address. Is that a complete and
4 exhaustive list of the topics that plaintiffs'
5 counsel asked you to consider?

6 A. Yes.

7 Q. Okay. Were you asked at any point to
8 offer your views or provide any analysis regarding
9 whether defendants have as a purpose or a primary
10 purpose to maximize revenues?

11 A. I was.

12 Q. Okay. Where does that fall in this list
13 of topics that you were asked to address?

14 A. It's not on here because I did not agree
15 with the idea that maximizing revenue was a goal.

16 Q. Okay. What do you understand maximizing
17 revenue to mean in the context of the university?

18 A. So, to me, maximizing revenue, I think of
19 more broadly as maximizing endowment growth,
20 because the endowment is the fuel for everything,
21 and if one has a large endowment with hefty
22 returns, that's the engine for everything else. So
23 it's not revenue, it's capital for investment into
24 many other things -- many things.

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024

39

1 or after 2008; is that correct?

2 A. That's correct.

3 Q. So you've never worked in any other
4 institution of higher education other than Harvard?

5 A. In my consulting practice, I was on
6 several engagements at higher education
7 institutions, sometimes for more than a year, but I
8 was not employed by them as an employee.

9 Q. And when you refer to your consulting
10 practice, you mean your time working as an
11 accountant or auditor?

12 A. No. This was after that.

13 If we go to Appendix B on page 38, this
14 was a representation of my client list in the
15 regulatory consulting practice.

16 Q. Okay. And in what years did you have that
17 regulatory consulting practice?

18 A. '91 to '97.

19 Q. Okay. What were the sorts of things that
20 you were consulting on in that six year period?

21 A. So training of faculty around research
22 practices. We were -- I was the arbitrator between
23 the government and the university on issues of
24 indirect cost reimbursement, compliance, a term

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024

40

1 something that the NIH and federal grants require
2 called effort reporting, which people didn't
3 understand.

4 It was during this period of years
5 President Clinton doubled the NIH budget, so many
6 of these schools on this list went from very little
7 to quite a bit of research dollars and did not have
8 the infrastructure to support the compliance
9 required.

10 So we were hired by boards of trustees,
11 regents, presidents, provosts to come in and do
12 full scale setup of animal facilities, human
13 subject committees, training manuals, teaching
14 faculty, really anything having to do with research
15 administration, but also budgeting, as research was
16 becoming a larger part of the budget, not only in
17 the form of direct costs but in an indirect cost
18 perspective.

19 Q. So the consulting work that you did
20 between 1991 and 1997 did not have any relationship
21 to or involvement with undergraduate financial aid;
22 is that accurate?

23 A. It's accurate in that the consulting work
24 was not specific to financial aid, but in the

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024

41

1 course of looking at budgets and expenditures for
2 many of these universities, financial aid was a
3 component, as was endowment income.

4 Q. What do you mean by financial aid was a
5 component of your consulting work?

6 A. Component of the budget, of the
7 university's budget writ large, so it was a line
8 item that was discussed and --

9 Q. So you saw -- sorry.

10 A. -- analyzed in the context of other
11 expenditures.

12 Q. Okay. So you would see financial aid as a
13 budget line item, but you were not, in substance,
14 consulting or advising on anything about financial
15 aid; is that fair?

16 MR. CIPOLLA: I can't hear you, Sarah,
17 although you're coming in clearly and I see the
18 transcript moving.

19 MS. KIRKPATRICK: Let's go off the record.

20 THE WITNESS: We were not able to hear
21 your question.

22 THE VIDEOGRAPHER: You want to go off the
23 record?

24 MS. KIRKPATRICK: Just for a moment, yeah.

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
42

1 THE VIDEOGRAPHER: Going off video record
2 at 10:27 a.m. Eastern time.

3 (Proceedings interrupted at 10:27 a.m. and
4 reconvened at 10:30 a.m.)

5 THE VIDEOGRAPHER: We are back on video
6 record at 10:30 a.m. Eastern time.

7 BY MS. KIRKPATRICK:

8 Q. All right. Ms. Mora, I was asking you
9 before the brief break whether it's fair to say
10 that in the course of your accounting and
11 consulting role, you saw financial aid as a line
12 item included in various university budgets, but
13 you had no responsibility for financial aid
14 administration, policy, procedure or the like.

15 A. That is correct.

16 Q. Okay. And your consulting work, while you
17 worked at an accounting firm, was not -- you were
18 never employed at any actual university other than
19 Harvard; is that correct?

20 A. Correct.

21 Q. Your time at Harvard started with five
22 years in research administration, correct?

23 A. Yes.

24 Q. And the research administration role

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024

43

1 sounds like it flowed directly from your accounting
2 and consulting practice in terms of grants and
3 contracts for research and the administration
4 compliance accounting for those; is that a fair
5 description?

6 A. Yes.

7 Q. None of your work in research
8 administration at Harvard involved direct
9 involvement with undergraduate student financial
10 aid, correct?

11 A. Correct.

12 Q. Did you have any involvement with
13 management of Harvard's endowment during your time
14 in the research administration role?

15 MR. CIPOLLA: Objection, form.

16 A. So I got to know the endowment CEO, as I
17 was part of the chief financial officer's
18 roundtable, and he would come and make
19 presentations about the endowment performance and
20 the investment strategy to her staff and the
21 financial deans of the schools from time to time.

22 Q. When did you become a part of the chief
23 financial officer's roundtable?

24 A. From the day I started.

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024

45

1 chief financial officer and then chief financial
2 officer between 2006 and 2008; is that correct?

3 A. Yes.

4 Q. What was the nature or extent of your
5 involvement with undergraduate financial aid during
6 that two year period when you were CFO?

7 A. Did you say -- I'm sorry -- other graduate
8 financial aid?

9 Q. Undergraduate.

10 A. Oh, undergraduate.

11 There was no involvement with
12 undergraduate financial aid.

13 Q. So you were not involved in any
14 formulation of needs analysis methodologies; is
15 that correct?

16 A. Correct.

17 Q. You were not involved in packaging
18 financial aid awards?

19 A. No.

20 Q. You were not --

21 A. That all happened at Harvard College.

22 Q. So you had no role in undergraduate
23 financial aid at any point during your tenure at
24 Harvard?

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
46

1 A. I did not have any role in undergraduate
2 financial aid.

3 Q. And fair to say, I assume then, that you
4 have had no role in undergraduate financial aid at
5 any other university since you have not worked at
6 any other university other than Harvard?

7 A. That's correct.

8 Q. You've never been involved in developing
9 or implementing need analysis methodologies for any
10 university, correct?

11 A. No, I have not.

12 Q. You've not been involved in determining
13 what should comprise a financial aid package for
14 any undergraduate students of any university?

15 A. No, I have not.

16 Q. You've never participated in forums or
17 industry groups focused on financial aid policy or
18 procedure?

19 A. No, I have not.

20 Q. Your report, your opening report at
21 paragraph 16, which appears on page 8, under the
22 heading Higher Education Industry Experience --

23 A. Yes.

24 Q. -- refers to the familiarity -- to you

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
53

1 So people who were working on index cards
2 could not support a 33-digit chart of account
3 enterprise reporting system. So there was a lot of
4 turnover, and there was an effort to recruit people
5 from outside the university. And as part of my
6 recruitment and others recruitment, it was
7 considered good practice to share what we were
8 doing with others.

9 Q. You say in paragraph 16 that you gained
10 knowledge about other universities' operations
11 through your participation in various forums. Did
12 you also learn about other university operations
13 through the four or five professional -- the
14 national professional organizations that you've
15 referred to?

16 A. Yes.

17 Q. Okay. And did you also have conversations
18 with peers or counterparts from other universities
19 outside the context of those two groups of sort of
20 formal industry gatherings, or were your
21 conversations in the context of those different
22 groups and forums?

23 A. I'm not sure I understand the question.

24 Q. So you described meetings and seminars of

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
54

1 the four or five national professional
2 organizations on the one hand that you do not list
3 here and then the three narrower forums that you do
4 list in paragraph 17.

5 A. Yes.

6 Q. And I'm trying to understand whether the
7 conversations you had with your counterparts from
8 other universities were confined to the formal
9 activities of those two sets of groups or whether
10 you also had ad hoc separate conversations that
11 form part of the knowledge and familiarity that
12 you're describing in paragraph 16?

13 A. Oh, there were many ad hoc conversations.
14 I would pick up the phone, someone would pick up
15 the phone, I would go to San Francisco for personal
16 reasons and spend an afternoon at Stanford with my
17 counterparts there as one example.

18 I became friendly with the people at
19 CalTech, hence the consulting arrangement. So when
20 I would go to LA for other reasons, I would, you
21 know, have dinner with my counterpart at CalTech.

22 Q. Okay. Are there other schools that you
23 had conversations with your counterparts or peers
24 other than Stanford and CalTech that formed part of

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
55

1 this familiarity and knowledge that you're
2 describing in paragraph 16?

3 A. Yes.

4 Q. Can you identify the other schools that
5 you spoke with?

6 A. Yes. My boss at Harvard had left Harvard
7 and went to Brown as executive vice president, and
8 I would be in frequent communication with her. The
9 woman who was the executive dean for administration
10 at Harvard Medical School went to Yale, and I
11 frequently spoke to her. I had an employee who --
12 another employee who went to Johns Hopkins, and I
13 would speak to him frequently.

14 I mentioned CalTech. So I had a lot of
15 interaction with MIT around the formation of the
16 Broad Institute, so I was with those folks several
17 times a week for a period of two years. So yes,
18 so, you know, frequent conversations, Brown, Yale,
19 Hopkins, CalTech, MIT, Stanford.

20 Q. And that list of schools, there are -- it
21 appears that there are at least a number of the
22 defendant schools in this litigation that you have
23 not identified.

24 Are there schools in this litigation with

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
56

1 whom you did not have personal relationships or
2 regularly engage in conversations about how they
3 operated?

4 MR. CIPOLLA: Object to form.

5 A. So let me look at the list again.

6 As I said, I interviewed the fellow who
7 ran the endowment at Notre Dame. I did a project
8 at Northwestern. I didn't know anybody at
9 Georgetown. My people who went to Johns Hopkins
10 then went to Duke, and they're at Duke now. I met,
11 through the woman at Brown who was my former boss,
12 the fellow who became the president of the
13 University of Chicago, he was a provost at Brown,
14 and I had dinner with her and him a couple of
15 times.

16 I don't think there was any interaction
17 with anybody at Penn, and there was not interaction
18 with anybody at Rice or Vanderbilt.

19 Q. You've mentioned twice that you
20 interviewed a man who ran the endowment at Notre
21 Dame. Did you have any other source of contact in
22 terms of understanding Notre Dame's university
23 operations more generally or is that limited to
24 interviewing the head of the endowment?

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024

57

1 A. It was --

2 MR. CIPOLLA: Object to form.

3 A. It was limited to him, because they
4 didn't -- they weren't in these other groups. They
5 may have been at some of these other meetings that
6 I just mentioned, NCUBO, but, you know, they were
7 not -- I don't know why, but they were not -- they
8 were sort of on the margin, if you will. They
9 didn't send representatives to the leaders in some
10 of the organizations that I mentioned during the
11 time that I was at Harvard.

12 Q. Were the schools with whom you did have
13 some connections or personal relationships that you
14 used to gain familiarity with how other
15 universities operated, are you relying for your
16 opinions in this case on any specific conversations
17 that you had in the course of your time at Harvard?

18 A. No, not specific conversations, but rather
19 the accumulation of many conversations, workshops,
20 symposium, presentations, discussions. As you --

21 Q. Did you --

22 A. Sorry.

23 Q. Go ahead.

24 A. The woman who was my close colleague in

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
58

1 the faculty of arts and sciences at Harvard went to
2 become CFO of Dartmouth, and I'm friendly with her
3 today. She's left, but she was there for a number
4 of years.

5 Q. Okay.

6 MR. CIPOLLA: Are we reaching a natural
7 stopping point? It's been almost --

8 MS. KIRKPATRICK: I was just going to say,
9 I think this is a good point to take a break, so
10 let's go off the record.

11 THE VIDEOGRAPHER: Okay. We're going off
12 video record at 10:58 a.m. Eastern time.

13 (Proceedings interrupted at 10:58 a.m. and
14 reconvened at 11:11 a.m.)

15 THE VIDEOGRAPHER: We are back on video
16 record at 11:11 a.m. Eastern time.

17 BY MS. KIRKPATRICK:

18 Q. All right. Ms. Mora, at paragraph 18 of
19 your opening report, you refer in the first
20 sentence to efforts that you made to understand the
21 various secondary source rankings of educational
22 institutions to compare where we stood in those
23 rankings compared to other universities.

24 Do you see that?

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024

65

1 A. No.

2 Q. Have you performed any research on the
3 economics of higher education?

4 A. No.

5 Q. Do you have any academic degrees or study
6 or educational credentials regarding financial aid,
7 undergraduate financial aid?

8 A. No.

9 Q. Any publications, scholarly literature,
10 other research that you've conducted on
11 undergraduate financial aid?

12 A. No.

13 Q. Any professional experience that you have
14 working with or in the field of undergraduate
15 financial aid?

16 MR. CIPOLLA: Objection, form.

17 A. No.

18 Q. Do you have any academic degrees, study,
19 or other educational credentials regarding the
20 characteristics of non-profit organizations?

21 A. I have taken a course in non-profit
22 accounting, but that's not a degree.

23 Q. Okay. When was that course?

24 A. Late '80s.

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
66

1 Q. Is that the extent of your academic study
2 regarding the characteristics of non-profit
3 organizations?

4 A. So I just -- I want to make sure I
5 understand the question. So these professional
6 organizations that I'm describing, that I described
7 to you before we broke, there were many seminars
8 offered on the characteristics of colleges versus
9 universities, decentralized institutions,
10 centralized institutions, state universities,
11 community college. So there were a cadre of
12 courses that I would -- seminars that I would
13 attend, but without a degree. So I immersed myself
14 in the teaching and knowledge gathering around
15 higher education writ large, but without a degree
16 program per se.

17 Q. Okay. Is it fair to say that you've not
18 undertaken any academic study and you don't have
19 any educational credentials regarding non-profit
20 organizations more broadly, so not focused here on
21 higher education, but non-profits as a broader
22 category of organization?

23 A. That's fair to say.

24 Q. Okay. And what you described as your

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
69

1 governance course and one of the topics addressed
2 by that course was the difference between
3 non-profits and for-profits?

4 A. Yes.

5 Q. Have you yourself conducted any academic
6 study or analysis regarding the differences between
7 for-profits and non-profit organizations?

8 A. No.

9 Q. Have you authored any publications or
10 scholarly literature about the differences between
11 for-profit and non-profit organizations?

12 A. I've given talks about the difference, but
13 I haven't written a publication.

14 Q. To whom have you given talks about that?

15 A. There's an organization called The Boston
16 Club and it's a professional women's organization
17 in Boston, and they put on workshops throughout the
18 year. And there's a subgroup within that
19 organization on governance, and I have been
20 asked -- I was asked, let's see, before the
21 pandemic, 2017, something like that, to give a talk
22 on having worked in not-for-profit and having
23 served on a number of corporate boards, if I could
24 talk about the differences in governance aspects

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
90

1 opinion that although they are non-profits, legally
2 and, I don't know, functionally, you observe
3 certain operational similarities between Harvard
4 and the defendants on the one hand and some
5 category of for profit companies that you describe
6 as diversified conglomerate businesses; is that
7 correct?

8 A. That's correct.

9 MR. CIPOLLA: Objection, form.

10 Q. Okay. Is it fair to say that you also
11 observe, although you don't discuss it in your
12 opening report, certain operational differences
13 between Harvard and the defendants on the one hand
14 and at least some diversified conglomerate
15 for-profit businesses on the other hand?

16 MR. CIPOLLA: Objection, form.

17 A. Operational differences, yes.

18 Q. So there are some operational similarities
19 and some operational differences?

20 A. Yes.

21 Q. And you have in your opening report
22 focused on seven what you observe to be operational
23 similarities between universities and diversified
24 conglomerate businesses, right?

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
91

1 A. What page are you on?

2 Q. Still on paragraph 20. We haven't made
3 very much progress yet.

4 A. When you say seven --

5 Q. Well, proceed from paragraphs 21 through
6 31, seven features.

7 A. Oh, I see. Yes. Yes.

8 Q. How did you select the seven features that
9 you chose to talk about in section V of your
10 report?

11 A. They seem to me to be the most obvious,
12 those that really -- when I put some thought into
13 the way the university ran and my knowledge of how
14 the group under discussion here runs, these were
15 prominent examples of ways that the institutions
16 mirrored public company operations and governance.

17 Q. Would you agree that each of these seven
18 features are sort of a spectrum on which any one
19 entity sort of could be more or less like any other
20 entity but not -- not sort of objective yes/no
21 features?

22 MR. CIPOLLA: Objection, form.

23 A. Are each of these seven -- I want to make
24 sure I understand your question. Are each of these

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024

92

1 seven examples scalable in terms of varying in
2 degree? Yes.

3 Q. And therefore would you agree that each of
4 the individual 17 defendants might be more or
5 less -- might have these features in greater or
6 lesser degrees?

7 A. Yes. They're different, but they are --
8 while they may not have exactly these seven, they
9 may have others that are not shown here.

10 Q. So they may have other similarities in
11 terms of operations that you've not discussed.

12 A. Yes.

13 Q. Correct? Yes?

14 A. Yes.

15 Q. And they also have certain operational
16 differences that you have also not discussed,
17 correct?

18 A. Yes.

19 Q. Okay. Is it fair to say that the opinion
20 you've offered here about certain similarities,
21 certain operational similarities between defendants
22 and what you describe as diversified conglomerate
23 businesses, that observation of similarities would
24 also apply to at least some other universities

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
93

1 beyond the 17 defendants?

2 A. Yes.

3 Q. Can you think of any universities outside
4 of the 17 defendants who would similarly share some
5 of these operational similarities?

6 A. Yes. The University of California system,
7 for example.

8 Q. The UC system?

9 A. Yeah.

10 Q. Okay. Any others?

11 A. University of Michigan, University of
12 North Carolina, the New York state university
13 system, UMass system.

14 Let me look at my list of my clients.
15 Georgia Tech, Northeastern has become a huge
16 business, UAB, University of Alabama, Minnesota is
17 huge and complicated. Those are examples.

18 Q. Okay. I take it from your answer that
19 you're not offering an opinion that there's
20 anything about the membership in the 568 group per
21 se that corresponds to this observation you've made
22 about certain operational similarities between
23 universities and for-profit businesses; is that
24 right?

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
96

1 with complex business operations as those that are
2 akin to for-profit businesses in some respects.

3 Q. And you also view, sounds like, a large
4 number of public universities as having complex
5 business operations that are akin to for-profit
6 businesses in certain respects as well.

7 A. In certain respects, yes.

8 Q. And I take it in addition, you are not
9 suggesting -- or tell me if I'm wrong about this --
10 I believe you're not suggesting that there's some
11 dividing line at the U.S. News & World Report top
12 25 such that the 26th ranked school does not have
13 operational similarities to for-profit businesses,
14 where the 25th ranked school does have those
15 similarities, correct?

16 A. Correct. I'm not saying that.

17 Q. Okay. So there are other private
18 universities that are not necessarily in the top 25
19 of the U.S. News & World Report rankings about whom
20 these operations of operational similarities would
21 also apply, correct?

22 A. Correct.

23 MR. CIPOLLA: We've been going for more
24 than an hour and it's getting close to lunch. I

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
101

1 for-profit public companies other than the seven
2 that you discuss in your opening report?

3 A. Let's see. I'm sure I could think of
4 others. These are those that really popped out to
5 me as exemplary of ways that Harvard and the other
6 defendants have elements that reminded me very much
7 of the way that corporations operate. I'm sure I
8 could think of others if I had to.

9 MS. KIRKPATRICK: Okay. Let's take a
10 break there and go off the record.

11 THE VIDEOGRAPHER: Okay. Going off video
12 record at 12:28 p.m. Eastern time.

13 (Proceedings interrupted at 12:28 p.m. and
14 reconvened at 1:21 p.m.)

15 THE VIDEOGRAPHER: We are back on video
16 record at 1:21 p.m. Eastern time.

17 BY MS. KIRKPATRICK:

18 Q. All right. Good afternoon, Ms. Mora.

19 I asked you before lunch about the seven
20 features that we're going to talk about now that
21 you go through in section V of your report, and I
22 asked you how you selected those seven features.
23 And I believe that you said that those were the
24 ones that struck you as the most obvious.

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
102

1 Can you point me to any published
2 literature or research or study or analysis that
3 you reviewed for purposes of forming your opinions
4 in this case that relies on these same seven
5 features or characteristics in order to describe or
6 indicate that a given company is a for-profit
7 public company?

8 A. No.

9 Q. Any literature or study or analysis that
10 you can point to that suggests that these
11 particular seven features are indicative of
12 operations similar to a for-profit public company?

13 A. If we were to look at the annual report of
14 a public company or the proxy statement, there are
15 elements of these characteristics that would be
16 featured in the report and to the proxy statement,
17 such as number of employees, business unit
18 diversification, description of how the business
19 operated, those entities within the business that
20 were most profitable and those that were not, or
21 that were least profitable, governance structure.

22 Q. Okay. So if I'm understanding you
23 correctly, you're saying these seven features would
24 be to some degree described or reported on in a

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
161

1 one or more defendants should have allocated more
2 of the five revenue sources that you just
3 identified to undergraduate financial aid?

4 A. I'm not offering that opinion.

5 Q. So you are observing that there are six
6 sources of revenue, of which five entail
7 flexibility that includes the ability to allocate
8 to financial aid, correct?

9 A. Right.

10 Q. Okay. And you go through in this section
11 of your report and talk about each of these six
12 sources of revenue based on your experience at
13 Harvard. For purposes of this report, did you
14 undertake any systematic analysis, research, where
15 you have data to assess the six forms of revenue
16 and their availability to the 17 defendants?

17 A. I did not undertake an analysis for the 17
18 defendants, no. But I did read, for example, as
19 one example, about the University of Pennsylvania
20 earning close to \$1 billion in royalties from the
21 development of the RNA vaccine, technology that
22 Moderna and Pfizer used to create the COVID-19
23 vaccine. And Northwestern had a similar
24 blockbuster in the Lyrica drug.

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
162

1 So I did not undertake a systematic
2 analysis, but I saw data points, if you will,
3 within categories of revenue that, coupled with my
4 knowledge of the defendants, in particular Brown,
5 CalTech, Cornell, Dartmouth, MIT, and Penn and
6 Yale, that led me to believe that each of those
7 also have flexibility with -- each of those has
8 these six sources, five of which have inherent
9 flexibility to increase a contribution to financial
10 aid.

11 Q. Okay. Would you agree that the relative
12 size of these six different revenue sources varies
13 from school to school?

14 A. Yes.

15 Q. So some of the defendant schools may earn
16 sizable revenues from its, for example,
17 intellectual property royalties, where other
18 schools in this group may not earn very much from
19 that category?

20 A. I agree with that.

21 Q. The same would be true, for example, of
22 athletic revenues, correct?

23 A. I agree with that.

24 Q. One might not expect to see substantial

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
163

1 financial flexibility flowing from athletic

2 revenues at CalTech or MIT?

3 A. I knew you were going to say that. Yes.

4 (Simultaneous speaking.)

5 MS. KIRKPATRICK: Okay. Some of these

6 schools are not exactly in our athletic league.

7 Q. Okay. You did not undertake, I gather,

8 any overall or systematic quantification of the six

9 different categories of revenue of the 17 different

10 defendants, correct?

11 A. I did not.

12 Q. Putting aside the grants and contracts
13 category, which you've already agreed does not
14 entail the same degree of flexibility, is it your
15 view that other five categories are all equally
16 flexible in terms of discretionary spending or are
17 there differences between the flexibility that
18 flows from the other five categories of revenue?

19 A. So let's go one by one. Tuition is
20 unrestricted, it can be used to subsidize financial
21 aid. Distributions from the endowment, to me, is
22 the most powerful engine of all the revenue
23 categories.

24 When I say grant and contract revenue,

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
164

1 what I mean is direct costs of grant and contract
2 revenue. The indirect cost rate applied to grants
3 and contracts comes back to the university as
4 unrestricted, so it could be used. And the
5 indirect cost is a percentage of their direct cost.
6 When I was there, it was 68 percent.

7 To the extent that annual donations are
8 directed toward financial aid or unrestricted, yes,
9 they can be used, athletic revenue could be used,
10 and IP could be used after the investigator --
11 usually there's a formula, the investigator gets a
12 percentage, the school gets a percentage, the dean
13 gets a percentage, and the legal fees are paid, and
14 then the rest is unrestricted.

15 Q. Okay. It sounds to me like the answer to
16 my question is the different categories of revenue
17 identified here have different degrees of
18 flexibility or restriction.

19 A. Yes.

20 Q. And given that you have not undertaken any
21 quantification or analysis of the six categories of
22 revenue and the 17 defendants, I take it that you
23 also have not undertaken to quantify the exact
24 amounts of revenue and the percentages of those

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
165

1 revenues that may be flexible or inflexible,
2 restricted or unrestricted on the 17 defendants,
3 correct?

4 A. Correct.

5 Q. During your couple of years as the CFO at
6 Harvard, was one of your goals to achieve a
7 balanced budget for the university?

8 A. Goal, yes.

9 Q. Okay. And what did you -- how would you
10 define a balanced budget in that context?

11 A. Having a -- I would define a balanced
12 budget as having a slightly positive net asset
13 surplus.

14 Q. When you say "slightly positive," what do
15 you mean by that?

16 A. More than zero.

17 Q. So you were looking to have at least one
18 more dollar in revenues coming in than the range of
19 costs and obligations and expenditures you had
20 going out?

21 A. Correct.

22 Q. You described that goal at paragraph 57 of
23 your report where you say, "At Harvard, we made it
24 one of our goals to be able to report on our public

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
189

1 funds can only be spent in support of fund's
2 designated purpose."

3 A. Yes. I see that.

4 Q. So your recollection is inconsistent with
5 this, in that your recollection is that half of the
6 restricted endowment funds did not have
7 restrictions on the payout or the income?

8 MR. CIPOLLA: Objection, form.

9 A. Yes. My recollection is that while I was
10 there, half of the restricted funds did not have
11 stipulations with respect to restricting the income
12 from the endowment.

13 Q. Did you review any information or
14 materials about the 17 defendant universities in
15 terms of the percentage of their restricted
16 endowment that was associated with unrestricted
17 income?

18 A. No.

19 Q. So I take it that you are not offering any
20 opinion that the percentage that you recall from
21 your time at Harvard accurately corresponds to any
22 other defendant universities' endowment flexibility
23 in terms of income coming from restricted endowment
24 funds?

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
194

1 corresponded to its restricted endowment or that it
2 had flexibility as to some portion of its
3 restricted endowment principal and income?

4 MR. CIPOLLA: Objection, form.

5 A. As I said in my report, some of the
6 restricted endowment income was unrestricted.

7 Q. And during your tenure at Harvard, the
8 proportion of endowment principal that was
9 restricted was what?

10 A. 85 percent.

11 Q. 85 percent.

12 And you have not evaluated how that
13 85 percent corresponds or doesn't correspond to the
14 percentage of restrictions applicable to any of the
15 defendants' endowments, correct?

16 A. I have not.

17 Q. So some of them may have a higher
18 percentage of restricted funds, some them may have
19 a lower percentage of restricted funds?

20 A. Yes.

21 Q. Have you looked at any individual
22 endowment funds or restrictions at any of the other
23 -- any of the defendant schools in order to
24 evaluate the terms or look at how they're

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
195

1 structured or anything along those lines?

2 A. I have not.

3 Q. And you're not offering any opinion on the
4 degree of flexibility that any of the 17 defendants
5 had for any particular proportion of their
6 endowment principal or endowment income, correct?

7 A. No, I'm not offering any opinion on that.

8 Q. In paragraph 50 you refer to the
9 unrestricted endowment funds, and you say that at
10 Harvard you regarded unrestricted endowment funds
11 as a source of working capital for the university
12 as a whole and for special projects. And then you
13 go on to say that it's your understanding that that
14 was also true of the defendants.

15 Is that understanding based on anything
16 other than the general conversations you have
17 described with representatives of some subset of
18 the defendants?

19 A. It is not based on anything other than
20 those conversations.

21 Q. And, again, those were conversations that
22 took place during your tenure at Harvard. You're
23 not relying on conversations postdating 2008,
24 right?

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
222

1 So I'm back in your report in paragraph
2 5.D. Are you offering an opinion that schools,
3 Harvard and other schools, offer institutional
4 financial aid solely for the purpose of maintaining
5 excellence and prestige, or are you offering the
6 opinion that providing institutional financial aid
7 has the consequence of maintaining excellence and
8 prestige?

9 A. The latter.

10 MR. CIPOLLA: Objection, form.

11 A. Financial aid was given to diversify the
12 student body, which served to create excellence and
13 prestige.

14 Q. Going back to section VII of your report.
15 After the discussion of prestige, you have a
16 section beginning at paragraph 67 on endowments.

17 Do you see that?

18 A. Yes, I do.

19 Q. And you describe defendants and their
20 peers as competing with one another over endowment
21 size and endowment growth.

22 A. Yes.

23 Q. What do you mean when you say that
24 "defendants compete with each other over endowment

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
234

1 A. Yes.

2 Q. And the question there is the reason
3 institutional grants for institutional financial
4 aid are provided to students. Is that one of the
5 questions that you were asked when you undertook
6 this engagement?

7 A. Yes.

8 Q. Which portion or portions of your opening
9 report addresses that question?

10 A. I believe section VIII, paragraph 69.

11 Q. Okay. And does the remainder of section
12 VIII, carrying on through paragraph 75, also have
13 some bearing, or is it your view that paragraph 69
14 is the full response to that question?

15 A. No. It's paragraph 69, paragraph 70 and
16 paragraph 71, paragraph 72.

17 Q. Okay. So one of the purposes then of
18 institutional financial aid is, as you say in
19 paragraph 69, to enroll the most talented students;
20 is that right?

21 A. Yes.

22 Q. And that corresponds to providing the best
23 possible education because of the peer effect and
24 other dynamics that we've talked about; is that

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
235

1 right?

2 A. Yes.

3 Q. And what you described earlier as the role
4 of financial aid and diversifying the student body;
5 is that right?

6 A. Yes.

7 Q. Is the discussion that appears from
8 paragraph 69 to say 74, a sort of fulsome and
9 complete listing of all the reasons that the
10 university might provide institutional financial
11 aid?

12 A. I don't -- I don't imagine it's fulsome
13 and complete. I think these are rather the
14 highlights of why the university should provide
15 institutional financial aid.

16 Something that we have not talked about is
17 investing in the class so that the graduates look
18 favorably upon the institution as they enter their
19 lives and begin to find success. So they remember
20 as alumni, the investment made in them and can
21 further the investment in -- by way of gifts so
22 that, again, the endowment continues into
23 perpetuity.

24 Q. Yeah. And we'll turn to that investment

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
236

1 rationale in just a moment.

2 But in terms of the sort of

3 diversification, quality of education, educational

4 mission component of institutional financial aid,

5 the opinions that you're offering here are based on

6 your experience and your personal observations of

7 Harvard; is that right?

8 A. Yes.

9 Q. Are you basing these opinions on any other
10 research analysis, et cetera?

11 A. No.

12 Q. But you did observe during your time at
13 Harvard, participate in conversations that the
14 diversification, the enrollment of talented
15 students and the pursuit of educational mission
16 were at least contributing reasons for Harvard's
17 administration of institutional financial aid?

18 A. Yes, that's right.

19 Q. So I want to turn now to paragraph 74 and
20 the point that you just made about institutional
21 financial aid as a form of business strategy for
22 seeking future donations to the university.

23 What's the basis for that rationale for
24 financial aid?

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
237

1 A. The basis is if someone feels that they
2 have been invested in, they're more likely to give
3 back to that investment. It's a concept of, you
4 know, gratitude and loyalty.

5 Q. Have you undertaken any analysis or
6 research into the sort of cost benefit of investing
7 into student's educational experience and how that
8 corresponds to returns in the form of later
9 donations or investments by those alumni back into
10 the university?

11 A. I have not. I just have anecdotal
12 information.

13 Q. So that is an impression that you have
14 from your time at Harvard; is that fair?

15 A. That's fair.

16 Q. But you are not purporting to offer an
17 opinion that there is some economic analysis or
18 rationale underlying that?

19 A. No.

20 Q. And I take it you've not conducted any
21 analysis or study or research as to any of the
22 other schools, the 17 defendants, to assess whether
23 that rationale applies or is borne out economically
24 at those schools?

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
238

1 A. I have not.

2 Q. Okay. Are you offering the opinion that
3 Harvard University as an institution used this
4 business strategy or investment return rationale as
5 the primary rationale for institutional financial
6 aid?

7 A. No. I'm not offering that opinion that
8 it's the primary. It's one of many factors.

9 Q. Okay. So this is a rationale that you
10 observed or you believe you observed at Harvard,
11 but not the motivating rationale, in your view?

12 A. Correct. The motivating rationale was to
13 secure a diverse student body.

14 Q. Okay. I want to go back to something we
15 talked about right before we took the lunch break.
16 We were discussing section V of your report, and if
17 it helps to have it in front of you, that is the
18 section that begins at paragraph 20 on page 10.

19 And we were talking about your opinion,
20 which you clarified in your rebuttal report, is an
21 opinion that the defendants have certain
22 operational similarities to for-profit public
23 companies.

24 Do you recall that --

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
243

1 of your departure?

2 A. Yes.

3 Q. Fair to say that your departure was
4 unplanned and unexpected?

5 MR. CIPOLLA: Objection, form.

6 A. No. It was -- that would not be fair to
7 say.

8 Q. Okay. Can you describe the reason for
9 your departure in spring of 2008?

10 A. I was recruited to Draper. I had an issue
11 with my background check that needed my full
12 attention to resolve.

13 Q. So you departed Harvard to go to Draper
14 because you preferred to work at Draper rather than
15 to remain the CFO of Harvard?

16 A. Yes. I was a little tired of the musical
17 chairs of presidents, and I felt Draper was more
18 stable and could afford me responsibility and
19 authority.

20 Q. So your departure had nothing to do with
21 the substantial cash losses that Harvard suffered
22 in 2008?

23 A. I left long before that.

24 Q. Did the investment strategy in which

ELIZABETH MORA
CORZO V. BROWN UNIVERSITY

October 29, 2024
244

1 Harvard's, or some significant portion of Harvard's
2 cash reserves were invested alongside its
3 endowment, was that a strategy implemented under
4 your supervision?

5 A. That was a strategy that President Larry
6 Summers insisted upon.

7 Q. Okay. And it continued while you were
8 CFO, correct?

9 A. Yes.

10 Q. And then at some point in 2008, that
11 resulted in what was properly described as
12 catastrophic loss for Harvard?

13 A. Yes. I wasn't there, but yes.

14 Q. When did you decide to pursue the Draper
15 Laboratories position as opposed to the Harvard CFO
16 position?

17 A. I got a call in the early spring of 2008,
18 and I had several evening meetings over there. But
19 a condition of my employment involved getting a
20 certain type of clearance, which I thought would be
21 fairly easy, but ended up not being as easy, and it
22 required my full time attention. So I had kept
23 them hanging while this was going on and I just
24 needed to resolve it.